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**DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD
ON ITS FORTY-FOURTH SESSION**

Rapporteur : Mr. Sek Wannamethee (Thailand)

AGENDA ITEM 6(a): TECHNICAL COOPERATION ACTIVITIES

Speakers :

Chairman of Working Party
Tunisia (for African Group)
Sri Lanka (for Asian Group and China)
Norway
Ukraine
Romania
Morocco
Russia

Peru (for GRULAC)
Luxembourg (for European Union)
Switzerland
Senegal
Japan
European Community
Bangladesh
Secretariat

Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments to statements of individual delegations - to be submitted in English or French - should be communicated by **Friday, 31 October 1997, at the latest** to:

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Chapter II

TECHNICAL COOPERATION ACTIVITIES

(Agenda item 6)

(a) Review of technical cooperation activities of UNCTAD

1. For its consideration of this subitem, the Board had before it the following documentation:

"Overview of technical cooperation activities of UNCTAD: Report by the Secretary-General of UNCTAD" (TD/B/44/11 and Corr.1);

"Review of activities undertaken in 1996" (TD/B/44/11/Add.1 and Corr.1);

"Statistical tables" (TD/B/44/11/Add.2).

2. The Chairman of the Working Party on the Medium-Term Plan and the Programme Budget at its thirtieth session said that the Working Party had reviewed the technical cooperation activities of UNCTAD, programme by programme. It had also considered a number of general issues concerning the technical cooperation programme as a whole, including recent developments and future prospects regarding the mobilization of resources, the distribution of activities among countries, regions and programmes, and proposals regarding financial self-sustainability and cost recovery in certain technical cooperation programmes. The Chairman recommended to the Board the adoption of the draft decision included in the agreed conclusions of the Working Party, as contained in document TD/B/WP/L.79.

3. The spokesperson for the African Group (Tunisia) commended UNCTAD for the variety of technical cooperation activities undertaken in 1996. Her Group supported a further strengthening of programmes dealing with the integration of developing countries into the new international trading system, institutional capacity-building, human resources development, and infrastructure and technological upgrading. She applauded the focus on Africa, as reflected in the technical cooperation strategy, and the intention to allocate 40 per cent of the technical cooperation budget to LDCs by 1999.

4. While acknowledging the importance of regional programmes, she expressed the hope that future projects would increasingly be undertaken at the country level, as national programmes were more targeted towards the specific needs of individual countries. She further expressed support for the secretariat's

"demand-driven" approach and requested that the secretariat make available a handbook on its ongoing and envisaged programmes with a view to sensitizing Governments and prompting technical assistance requests. She encouraged UNCTAD to give special attention to African countries, and in particular to LDCs, in all its activities and to contribute effectively within its mandate to all initiatives in favour of Africa. She welcomed in particular UNCTAD's participation in the elaboration of the integrated country programmes for least developed countries and looked forward to its active participation in the forthcoming High-level Meeting on Integrated Initiatives for LDCs' Trade Development and in the implementation of its outcome.

5. Her Group supported the principle of cost-sharing but only to the extent that the basic logic underlying technical cooperation was not lost, and it expressed concern at the pressure being exerted on beneficiary countries to contribute to the financing of their technical cooperation programmes. She requested the secretariat to prepare a paper on the overhead charges levied on projects and expressed the hope that the paper would outline possibilities for reducing or eliminating these costs when they had to be borne by developing countries. The secretariat should increase its fund-raising and resource-mobilization efforts to avoid a situation where a number of priority programmes remained pending due to a lack of funding. It should strike a balance between the needs of beneficiary countries and donors' preferences and encourage untied contributions.

6. UNCTAD should continue to link the findings of its policy analysis to its technical assistance activities and work in close cooperation with the OAU and the ECA in this respect. It should also organize relevant information technology training courses for Geneva-based diplomats with a view to improving their exposure to useful information on trade, investment and related issues.

7. She expressed support for the GSTP programme and stressed the need to invigorate and further activate it. Developed countries should review and improve their GSP schemes, and UNCTAD should continue helping African countries to make full use of GSP benefits. Finally, she expressed support for UNCTAD's assistance to the Palestinian people and requested the secretariat to make all possible efforts to secure the necessary funds for these activities.

8. The spokesperson for the Asian Group and China (Sri Lanka) said his Group attached great importance to the objectives of UNCTAD's technical cooperation activities and fully endorsed the agreed conclusions of the Working Party. His Group was particularly pleased with the adoption of a strategy for UNCTAD's technical cooperation activities that addressed the practical problems of trade and development in an era of globalization and liberalization. The

implementation of the strategy was critically dependent on the availability of resources, and he welcomed the positive trends in the mobilization of funds for UNCTAD's technical cooperation activities since the previous year. Those trends indicated the effectiveness and impact of UNCTAD's programmes and the confidence placed in UNCTAD by donors. He hoped UNCTAD would ensure a better relative balance in the share of technical cooperation expenditure of the various regions, taking into account their respective needs. In doing so, UNCTAD should ensure that all LDCs were treated on an equal basis. Finally, he expressed support for activities carried out in support to the Palestinian people.

9. The representative of Norway said his country was giving high priority to UNCTAD's technical cooperation programme, and linkages should continue to be strengthened between UNCTAD's analytical and operational work. In conformity with the Midrand Declaration, his country believed that assistance should be targeted primarily towards the least developed countries, and in this respect he welcomed the increased share of assistance going to the poorest countries. In that connection, his country had just announced a contribution of nearly US\$ 1 million to the LDC Trust Fund. In view of the correlation between trade and economic growth in developing countries, priority should be given to trade-related assistance to the LDCs in the areas of institutional capacity-building, strengthening of negotiating capacity, enhancing the efficiency of trading, product and export market diversification, and enhancing the understanding of investment issues.

10. Since the previous year, the focus and distribution of UNCTAD's technical cooperation programme had been improved, and the draft decision submitted by the Working Party contained important elements for a well functioning programme. He commended the secretariat for its efforts to provide better and more transparent information concerning projects, financing and duration, and the rolling three-year plan for technical cooperation should ensure the most efficient use of the financial resources available. He requested a short updated fact sheet on each of the major technical cooperation activities in which UNCTAD was involved.

11. The Norwegian technical assistance "package" for UNCTAD for 1997, which was channelled through the LDC Trust Fund, was aimed at activities in the field of debt management, capacity-building for a possible MFI, TRAINFORTRADE, BIOTRADE and a seminar on portfolio investments in the LDCs. In addition, a sum of \$100,000 was non-earmarked.

12. He reaffirmed the importance of increased coordination between UNCTAD, ITC and WTO in the provision of their technical assistance, and the Joint Integrated Technical Assistance Programme in selected African countries was an example in

this respect. Finally, his country attached great importance to a concrete outcome of the High-Level Meeting on Integrated Initiatives for LDCs' Trade Development to take place later in October. An integrated framework for trade-related technical cooperation, requiring the cooperation of several institutions dealing with technical cooperation, would hopefully be the outcome of that Meeting.

13. The representative of Ukraine said the report before the Board gave a comprehensive view of UNCTAD's technical cooperation activities. She noted with satisfaction that financial resources for technical cooperation activities had been expanding and that UNCTAD had developed a clear comparative advantage in extending valuable technical cooperation programmes to developing countries and countries in transition. Referring to the negotiations relating to the accession of her country to the WTO, she said that UNCTAD should continue to provide support to acceding countries and also focus its assistance in the area of services. UNCTAD's help was particularly important in providing support to developing countries and countries in transition in fully utilizing new opportunities which had resulted from the conclusion of the Uruguay Round Agreements, in cooperation with the WTO.

14. The representative of Romania said his country appreciated the activities carried out under UNCTAD's technical cooperation programme and the positive developments that had occurred in 1996. He welcomed the adoption of a strategy to be implemented through rolling three-year plans to be updated on a yearly basis. He also noted with satisfaction the increased cooperation with other organizations, in particular WTO and ITC. UNCTAD had developed a number of very useful programmes, in particular ASYCUDA, DMFAS, the Trade Points Network and the database on trade and investment, as well as TRAINFORTRADE, TRAINMAR and EMPRETEC. He wished to express his appreciation for the support extended to Romania and the hope that this assistance would be continued in the future in those areas where UNCTAD had a clear comparative advantage. Finally, he invited bilateral donors, UNDP and other international financial institutions to increase their contributions to UNCTAD's technical cooperation programmes.

15. The representative of Morocco welcomed the fruitful discussion which had taken place during the Working Party's recent session on technical cooperation activities and expressed satisfaction at the positive evolution of the financial resources available for these activities. He noted the growing share of resources allocated to LDCs and to African countries and hoped this trend would continue, in accordance with the priorities agreed at UNCTAD IX. He encouraged the secretariat to continue its useful and action-oriented activities such as TRAINFORTRADE, ASYCUDA, DMFAS, GTPNET and ACIS. Greater focus could also be

given to other programmes, in particular in the area of investment, and in that connection he welcomed the extension of EMPRETEC to Africa.

16. Although his country supported the demand-driven approach, this could have a negative impact on those countries which were not aware of the possibilities offered by the programme. For this reason, his delegation requested the publication by the secretariat of a handbook whose objective would be to attract the attention of possible beneficiaries of UNCTAD's technical cooperation.

17. He noted that, in Africa, the value of regional projects exceeded that of national projects, and he expressed the hope that activities in that region would increasingly be undertaken at the country level. He supported the practice of conducting a programme-by-programme evaluation of technical cooperation activities with a view to rationalizing them, and he hoped that such an evaluation would include quality control at the project design, implementation, monitoring and evaluation stages. Finally, he expressed support for activities undertaken by UNCTAD in favour of the Palestinian people.

18. The representative of the Russian Federation welcomed the review of technical cooperation activities undertaken by the Working Party, along with its agreed conclusions. He stressed the positive evolution of financial resources available for technical cooperation in UNCTAD and the increasing share being received by LDCs. He underlined how important it was for UNCTAD's technical cooperation activities to follow the principle of universality and for the strategy to be implemented on the basis of the rolling three-year plan. Finally, he stressed the importance of increasing cooperation with other organizations within the United Nations system in the area of technical cooperation and looked forward to further consideration of the issue of cost-recovery once a number of legal issues had been clarified.

19. The spokesperson for the Latin American and Caribbean Group (Peru) said that UNCTAD's technical cooperation programme was an important element in helping countries to reap the benefits of globalization and liberalization. With regard to the distribution of expenditure, he noted with concern the decrease by 21 per cent of expenditures in his region, which had received only US\$ 1.9 million out of a total of US\$ 22.4 million spent in 1996 and only US\$ 1.1 million of the US\$ 16.8 million spent in the period from January to June 1997. If that trend continued, there would be no technical cooperation projects in the region by the year 2002.

20. He expressed concern at the increased reliance on trust fund contributions to finance UNCTAD's technical cooperation activities, which might result in donor-driven priorities. His Group could not accept that priorities in the area

of technical cooperation be determined by donors, and in that regard he reaffirmed the importance of the principle of non-conditionality and the need for priorities to be set by beneficiaries. He urged member States to fully recognize the priorities set at UNCTAD IX and in the technical cooperation strategy and to use the rolling three-year plan as a basis for determining future project activities and for assuring more effective supervision. With regard to cost recovery and the financial sustainability of projects, he took note of the secretariat's proposals and said they required clarification and more in-depth analysis in respect of their financial sustainability. Prior to any decision, it would be important to examine the legal, financial and administrative issues involved.

21. With respect to future trends, UNCTAD's increasing technical cooperation activities must be result-oriented, and the objective should be not only a better regional distribution of resources but also a more focused approach. Technical cooperation projects should aim primarily at strengthening institutional and national capacities and at facilitating access to new technologies in the field of trade and investment. In the Latin American and Caribbean region, the secretariat had a special role to play in facilitating the development of triangular cooperative activities, and in so doing, it should better coordinate its activities with regional initiatives, in particular those undertaken by ECLAC and SELA. With improved project triangulation, donors would be able to utilize UNCTAD as an instrument to foster cooperation among developing countries, including the least developed ones. Finally, UNCTAD should make use of existing capacities in the region, and experience gained in Latin America with regard to regional integration, trade promotion and investment should be taken into account. He invited the secretariat to utilize more experts and training capacities available in the regions in its technical cooperation programmes.

22. The representative of Luxembourg, speaking on behalf of the European Union, said the regular evaluation of UNCTAD's technical cooperation activities was one of the major results of UNCTAD IX. The establishment of an integrated technical cooperation programme in favour of LDCs was the main objective of the High-level Meeting on Integrated Initiatives for LDCs' Trade Development to be held on 27 and 28 October. The European Union would fully support that objective and counted on the full support of UNCTAD in fulfilling that task. The European Union, which, through the contributions of its member States, was UNCTAD's largest contributor for technical cooperation, supported the agreed conclusions of the Working Party and was in particular in favour of the establishment of priorities among UNCTAD's numerous technical cooperation projects.

23. The representative of Switzerland said that the technical cooperation strategy and the rolling three-year plan were very important tools for the

implementation and monitoring of UNCTAD's technical cooperation activities. She welcomed the recommendations of the Working Party, in particular the practical proposals to ensure greater transparency, and stressed that technical cooperation activities should aim at supporting the implementation of policies decided by national authorities.

24. The existing three-year plan did not give a clear idea of the strategy to be implemented by UNCTAD in the various areas of activity, and she encouraged the secretariat to work in two complementary ways in that connection. Firstly, a clear and detailed implementation strategy should be established for each area of work. This should allow a better evaluation of the interlinkages between analytical and operational activities and also greater participation of beneficiary countries in the design of technical assistance projects. Secondly, past experience must be utilized to increase the efficiency of technical assistance, and evaluations undertaken on each project and programme must be widely disseminated. In this regard she supported the proposed in-depth evaluation of the Global Trade Point Network, which should include an evaluation of trade points. More information should also be provided on the respective share of regular and extrabudgetary resources in the technical cooperation of UNCTAD, as well as on partial cost-recovery.

25. Finally, she expressed appreciation for the efforts made by the secretariat to increase cooperation with other agencies in the field of trade. In this regard she looked forward to the High-level Meeting on Integrated Initiatives for LDCs' Trade Development and asked UNCTAD to support the implementation of the integrated approach in the area of technical cooperation that would hopefully emerge from that Meeting.

26. The representative of Senegal underlined the importance attached by his country to the TRAINFORTRADE and Trade Point programmes and thanked the secretariat for setting up a Trade Point in Dakar. He noted with regret, however, the difficulties encountered in the follow-up of the TRAINFORTRADE programme in his country, notwithstanding the availability of funds. In this regard, he wished to underline the importance of the secretariat ensuring the effective follow-up of technical cooperation activities.

27. The representative of Japan welcomed the outcome of the Working Party and underlined the need to strengthen the linkages between UNCTAD's analytical work and its technical cooperation activities. He also stressed the importance for UNCTAD of continuing to support activities designed to strengthen South-South cooperation.

28. The representative of the European Community said he supported the establishment of a strategy as an excellent way to strengthen the linkages between analytical work and technical cooperation. The European Community was the major contributor to UNCTAD's technical cooperation programmes, accounting for over 25 per cent of total contributions in 1996. He noted with satisfaction the increasing share of activities being self-financed by developing countries, and with respect to the concern expressed that increased reliance on trust fund contributions could result in donor-driven priorities, he said he was confident that donors shared the same concerns as developing countries with regard to their development needs and that dialogue with the UNCTAD secretariat would ensure the best possible allocation of funds in accordance with the priorities established at UNCTAD IX.

29. There was a need to set priorities and establish a clear distribution of responsibilities between UNCTAD, WTO and ITC with a view to encouraging synergies and avoiding duplication, and in that respect he stressed the importance of coordination in the follow-up to the High-level Meeting on Integrated Initiatives for LDCs' Trade Development. He also stressed the importance of UNCTAD's technical cooperation programmes being demand-driven and responding to specific needs, in particular in the field of new technologies. The secretariat should establish follow-up mechanisms and quality control at the project design, implementation, monitoring and evaluation stages. Finally, he noted the proposals put forward on the question of partial cost recovery with a view to contributing to the financial self-sustainability of selected programmes.

30. The representative of Bangladesh, while recognizing the importance of strengthening supply capacities and ensuring market access for LDCs, stressed the importance of developing the social sectors and infrastructure. In this regard he asked UNCTAD to strengthen its technical assistance programme in these fields and to cooperate closely with other United Nations agencies concerned. He also stressed that each and every LDC should get equal priority in receiving technical assistance from UNCTAD.

31. The Chief, Inter-organizational Affairs and Technical Cooperation, said the rich discussion at the present session fulfilled the desire of UNCTAD IX that the Board undertake a policy review of UNCTAD's technical cooperation. The preparation by the Working Party at its meeting earlier in October had clearly been helpful in this regard. The secretariat had already started work on preparing the technical cooperation manual requested by several delegations, and updated fact sheets on technical cooperation would also be made available. Training programmes would be undertaken in light of the evaluation of TRAINFORTRADE that the Working Party would carry out in December 1997. Priorities for UNCTAD's technical cooperation would be reflected in the updated

three-year plan that would also be reviewed by the Working Party later in the year. The desire of the Latin American and Caribbean Group to encourage more technical cooperation activities in that region could best be met through closer collaboration among Governments, the secretariats of interregional and regional economic groupings, financial institutions and the UNCTAD secretariat.

Action by the Board

32. At its 888th plenary meeting, on 17 October 1997, the Trade and Development Board endorsed the agreed conclusions of the Working Party on the Medium-Term Plan and the Programme Budget (TD/B/WP/L.79) and adopted the draft decision recommended by the Working Party therein.